



U.S. General Services Administration

GSA Federal Acquisition Training Symposium

April 25 – 26, 2017
Huntsville, AL

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Army Strategic Sourcing Program

Briefing for the Federal Acquisition Training Symposium

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April 25, 2017





Agenda

- Army Strategic Sourcing Program
- Where we are now?
- Collaborations with Office of Management and Budget (OMB) and the Federal Strategic Sourcing Initiatives (FSSI)
- Category Management
- Where are we going



What is Strategic Sourcing?

Leverage Army's Resources to Spend Efficiently

Reduction in Cost Per Unit

- Pricing Improvements**
 - Lower unit price
 - Volume rebates
 - Payment term discounts
- Supply Chain Savings**
 - Cost of capital
 - Warehousing costs
 - Shipping costs
- Reduced Lifecycle Costs**
 - Maintenance costs
 - Operating costs
 - Disposition costs

Change in Consumption/Volume

- Demand Management**
 - Eliminate demand
 - Reduce consumption
 - Encourage substitution
 - Change product mix
- Specification Review**
 - Eliminate "gold-plating"
 - Simplify specifications
 - Alternative products

Improved Operating Efficiency

- Reduced Procurement-Related Operating Expense**
 - PO Processing
 - Accounts Payable
 - Receipt/Warehousing
 - **Standardized procurement process**
- Reduced Non-Procurement Related Operating Expense**
 - Other operating efficiencies
- Performance Monitoring**
 - Structured metrics and periodic review of contractor performance

Improved Supply Management

- Socio-economic Goals**
 - Structured analysis of small/disadvantaged business opportunities
- Optimized Supplier Relationships**
 - **Improved joint understanding of needs and capabilities**
 - Increased efficiencies across the entire supply chain



Deputy Assistant Secretary Army – Procurement
The Senior Service Manager is the
HQDA focal point for Strategic Sourcing



Army Strategic Sourcing Governance Structure

Strategic Sourcing Executive Committee

SSEC

- Executive championship
- Set strategic vision, direction, and priorities
- Drive commonality & standardization
- Eliminate duplication

Strategic Sourcing Steering Group

SSSG

- Plan & orchestrates Army-wide communications
- Recommend Policies to DASA-P/SECARMY
- Assist working groups
- Tracks and reports progress to the SSEC
- Monitor DoD/Federal initiatives

Strategic Sourcing Working Group

SSWG

- Establish commodities teams
- Functional area prioritization
- Developing demand/forecast
- Tactical planning, scheduling & resource management
- Execute strategic sourcing strategies (Model)



Approved Strategic Sourcing Program

- Assistant Secretary of the Army (Acquisition, Logistics, and Technology) (ASA(ALT)), Released recommendations of Army Contracting Study, 30 Oct 2013
- SECARMY approved Army Strategic Sourcing Charter, 5 September 2013
- ASA (ALT) designated Deputy Assistant Secretary Army(Procurement) (DASA(P)) Senior Services Manager (SSM) as the Strategic Sourcing Accountable Official, 10 September 2013
- DASA (P) established the Army Strategic Sourcing Program, 17 September 2013
- SECARMY provided Preferred Source Guidance, 24 March 2015
- DASA (P) established Army Preferred Source Initiatives and Federal Strategic Sourcing Initiatives (FSSI), 10 May 2015 and 29 Jul 2015
- DASA (P) sign MOU with GSA for OASIS services and discount, 16 March 2015
- SECARMY Renewed Army Strategic Sourcing Charter, 31 July 2015



What are we doing now?

- Army Contracting Study Recommendations:
 - Establish Army priorities for Strategic Sourcing
 - Implement Army Strategic Sourcing Priorities across the Army
 - Contracting Enterprise:
- Army Strategic Sourcing:
 - Quarterly Strategic Sourcing Executive Committee Meetings
 - Monthly Strategic Sourcing Steering Group Meetings
 - Track of BCAs on MAX and Senior Services Manager Tracker to SPE
 - Road Shows
- Army Collaboration and Commitment to the FSSI
 - Office Supplies (OS3), \$10-15M
 - Janitorial and Sanitation Supplies (JanSan), \$10-15M
 - Maintenance, Repair and Operations Supplies (MRO), \$3-5M
 - One Acquisition Solution for Integrated Services (OASIS), \$500M
 - Building Maintenance and Operations Services (BMO), \$10-15M
 - Human Capital and Training Operations Solutions(HCaTS), \$3M



Establishment of the Of FSSI Program

- The Office of Management and Budget established the Federal Strategic Sourcing Initiatives (FSSI) Program to:
 - fulfill their requirement to provide contracting instruments for cross-government;
 - to strategically source across federal agencies;
 - establish mechanisms to increase total cost savings, value, and socioeconomic participation; collaborate with industry to develop optimal solutions; share best practices; and create a strategic sourcing community of practice
- The FSSI Program has been implementing strategic sourcing solutions since 2005, with the award of three initiatives and the initiation of over fifteen emerging. The FSSI Program has helped improve the government management of commonly purchased goods and services that resulted in cost savings, improved management visibility, and adoption of industry and government agency best practices. Quarterly Category Management Leadership Council (CMLC).



Army's FSSI Participation

| FSSI | Lead Org | Army Spend | Army Saving | Commitment |
|--------|----------|------------|-------------|------------|
| OS3 | GSA | \$17.9M | \$6.6M | \$10-15 M |
| JanSan | GSA | \$705,904 | \$146,246 | \$1-3M |
| MRO | GSA | \$9.7M | \$1.2M | \$3-5M |
| BMO | GSA | Zone 1 | Zone 1 | \$10-15M |
| HCaTS | PMO | Award | Award | \$3M |
| OASIS | GSA | \$632M | \$4.1M | \$500M |



Where are we going?

- **Army Strategic Sourcing** collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently.
- **Component Level Leads** (CLLs) appointed by the Component heads to assist the FDE in actively overseeing the life-cycle process of contracted services acquisitions.
- **DoD Functional Domain Experts** (FDEs) for services acquisition management will be appointed by the USD(AT&L): provide effective strategic oversight of contract service acquisitions.



Where are we going? Cont'd

- **OMB Category Management Leadership Council (CMLC)** has broaden Strategic Sourcing and divided the federal marketplace into ten super categories of commonly purchased items.
 - **Best In Class (BIC)** – Army's first BIC; USACE Facility Reduction Program (FRP) and PEO EIS CHES (to be announced)
 - **Advertise Acquisition Gateway** – Army Acquisition Community understanding the benefits of this tool
 - **Army sharing our Good News Stories of Strategic Sourcing/Category Management**

CMLC Government-Wide Category Structure (total FY 2014 spend \$428B)

General Government Categories 1-10 (total FY 2014 spend \$275B)

| | | | | |
|--|---|---|--|---|
| 1. IT – \$49.9B <ul style="list-style-type: none">1.1 IT Software1.2 IT Hardware1.3 IT Consulting1.4 IT Security1.5 IT Outsourcing1.6 Telecommunications | 2. Professional Services – \$61.9B <ul style="list-style-type: none">2.1 Business Administration Services2.2 Legal Services2.3 Management Advisory Services (Excludes R&D 17.0)2.4 Marketing and Distribution2.5 Public Relations and Professional Communications Services2.6 Real Estate Services2.7 Trade Policy and Services2.8 Technical and Engineering Services (non-IT) (Excludes 1.0)2.9 Financial Services2.10 Social Services | 3. Security and Protection – \$5.5B <ul style="list-style-type: none">3.1 Security Animals & Related Services3.2 Security Systems3.3 Security Services | 4. Facilities & Construction - \$75.7B <ul style="list-style-type: none">4.1 Construction Related Materials4.2 Construction Related Services4.3 Facility Related Materials4.4 Facility Related Services4.5 Facilities Purchase & Lease | 5. Industrial Products and Services - \$10.5B <ul style="list-style-type: none">5.1 Machinery & Components5.2 Fire/Rescue/Safety/Environmental Protection Equipment5.3 Hardware & Tools5.4 Test & Measurement Supplies5.5 Industrial Products Install/Maintenance/Repair/Rebuild5.6 Basic Materials5.7 Oils, Lubricants, and Waxes |
| Office Management - \$1.9B <ul style="list-style-type: none">6.1 Office Management Products6.2 Office Management Services6.3 Furniture | 7. Transportation and Logistics Services – \$26.8B <ul style="list-style-type: none">7.1 Package Delivery & Packaging7.2 Logistics Support Services7.3 Logistics Civil Augmentation Program7.4 Transportation of Things7.5 Motor Vehicles (non-combat)7.6 Transportation Equipment7.7 Fuels | 8. Travel and Lodging - \$2.7B <ul style="list-style-type: none">8.1 Passenger Travel8.2 Lodging8.3 Travel Agent & Misc. Services | 9. Human Capital - \$4.1B <ul style="list-style-type: none">9.1 Alternative Educational Systems9.2 Educational Facilities9.3 Educational Institutions9.4 Specialized Educational Services9.5 Vocational Training9.6 Human Resources Services | 10. Medical - \$36.0B <ul style="list-style-type: none">10.1 Drugs and Pharmaceutical Products10.2 Medical Equipment & Accessories & Supplies10.3 Healthcare Services |

Defense- Centric Categories 11-19 (total FY 2014 spend \$153B)

| | | | | |
|---|---|--|---|--|
| 11. Aircraft, Ships/Submarines & Land Combat Vehicles - \$41.6B <ul style="list-style-type: none">11.1 Aircraft11.2 Land Combat Vehicles11.3 Ships & Submarines11.4 Space | 12. Weapons & Ammunition - \$15.1B <ul style="list-style-type: none">12.1 Ammunition & Explosives12.2 Fire Control12.3 Guided Missiles12.4 Guns12.5 Nuclear Ordnance12.6 Weapons | 13. Electronic & Communication Equipment - \$8.7B <ul style="list-style-type: none">13.1 Communication Equipment13.2 Detection & Coherent Radiation Equipment13.3 Electrical and Electronics Equipment13.4 Night Vision Equipment | 14. Sustainment S&E - \$22.7B <ul style="list-style-type: none">14.1 Drones14.2 Engines, Components & Spt Eq14.3 Materials14.4 Supply Parts14.5 Support Ships & Small Craft14.6 Training Aids and Devices | 15. Clothing, Textiles & Subsistence S&E - \$7.5B <ul style="list-style-type: none">15.1 Subsistence15.2 Textiles, Clothing & Equipage |
| 16. Miscellaneous S&E - \$839M <ul style="list-style-type: none">16.1 Non-Food Items for Resale16.2 S&E Not Classified Elsewhere | 17. Research and Development - \$40.0B <ul style="list-style-type: none">17.1 Systems Development17.2 Operational Systems Development17.3 Technology Base17.4 Commercialization17.5 Pre-FY 1998 2-Digit Category | 18. Equipment Related Services - \$16.5B <ul style="list-style-type: none">18.1 Maintenance, Repair and Overhaul18.2 Equipment Modification18.3 Installation of Equipment18.4 Quality Control18.5 Technical Representative Services18.6 Purchases and Leases18.7 Salvage Services | 19. Electronic Communication Services - \$418M <ul style="list-style-type: none">19.1 Equipment Maintenance19.2 Equipment Leases | <div>Note: Spend figures are based on FY14 FPDS data.</div> |



Army's Category Management Participation

| Category | Category Manager | Army Representation |
|--------------------------------------|------------------------|----------------------------|
| Facility and Construction | Mary Ruwwe, GSA | SSM, USACE, IMCOM and MICC |
| Professional Services | Tiffany Hixson, GSA | SSM |
| Transportation and Logistics | Lisa Roberts, DOD | SSM, HQG4 and AMC |
| Human Capital | Robert Briede, OPM | SSM and PEO EIS |
| Industrial and Products and Services | George Prochaska, GSSA | SSM |
| Office Management | Greg Hammond, GSA | SSM, USACE |



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Questions?